

LICENSE AGREEMENT

This License Agreement (“**Agreement**”) dated as of _____, 200_, between [New PREMERA Corp.], a Washington corporation (“**New PREMERA**”), [Foundation Shareholder], a Washington nonprofit corporation, [Washington Charitable Organization], a Washington nonprofit corporation, and Alaska Charitable Organization, an Alaska nonprofit corporation (together and individually, “**Licensee**”).

WHEREAS, New PREMERA became a licensee of the Blue Cross and Blue Shield Association (the “**BCBSA**”) upon consummation of the series of transactions contemplated by the Plan of Conversion (the “**Plan of Conversion**”) attached as Exhibit A-4 to the Statement Regarding the Acquisition of Control of a Domestic Health Carrier and a Domestic Insurer which was filed by PREMERA, a Washington nonprofit corporation, on behalf of New PREMERA with the Insurance Commissioner of the State of Washington, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division on September 17, 2002, thereby enabling New PREMERA to use the “Blue Cross” and “Blue Shield” names and related rights; and

WHEREAS, New PREMERA is the owner of the unregistered and registered trademarks and pending trademark applications for the New PREMERA Marks (defined below) and is a licensee of the Blue Cross Marks (defined below); and

WHEREAS, New PREMERA desires to grant to Licensee, and Licensee desires to obtain from New PREMERA, the rights and licenses set forth herein in accordance with and subject to the terms and conditions hereinafter set out;

THEREFORE, for and in consideration of the premises and mutual covenants and agreements herein set forth and other good and valuable consideration set out herein, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

1. DEFINITIONS

“**BCBSA**” means the Blue Cross and Blue Shield Association, owner of the Blue Cross[®] and Blue Shield[®] names and marks.

“**Blue Cross Marks**” means the registered trademarks, service marks, trade names, logos, copyrighted designs and other proprietary markings of the BCBSA, as licensed to New PREMERA and certain of its affiliated entities, and listed in **Exhibit 1** and as updated by New PREMERA from time to time.

“**Blue Cross and Blue Shield Licensing Addendum**” means an agreement or agreements to be in effect as of the Closing Date between New PREMERA, [New Premera Blue Cross Corp.], and [Premera Blue Cross and Blue Shield of Alaska Corp.] and the BCBSA that licenses New PREMERA, [New Premera Blue Cross Corp.], and [Premera Blue Cross and Blue Shield of Alaska Corp.] to use the Blue Cross and/or Blue Shield name and mark.

“Branding Specifications” means specifications for use of the New PREMERA Marks or the Blue Cross Marks in connection with Licensed Services and on Licensed Materials as provided by New PREMERA or the BCBSA, respectively, from time to time.

“Licensed Marks” means the New PREMERA Marks and Blue Cross Marks.

“Licensee Materials” means signage, advertising materials, books, pamphlets, trade journals, and newsletters and other materials, in printed or electronic form, including any web sites owned or controlled by Licensee.

“Licensee Services” means the Licensee’s philanthropic and charitable services relating to making grants in the field of health care and related charitable activities.

“New PREMERA Marks” means the unregistered and registered trademarks, service marks, trade names, logos, copyrighted designs and other proprietary markings of New PREMERA, as listed in **Exhibit 1** and as updated by New PREMERA from time to time.

“Quality Standards” means the standards, quality, compatibility, and/or performance of the Licensed Services as set forth by New PREMERA from time to time in New PREMERA’s sole discretion and control, and the standards of quality and performance generally accepted in the industry in the same category of services as the Licensed Services.

“Territory” means the geographic areas set forth in **Exhibit 2**.

“Term” means the term as set forth in Section 12.

2. LICENSE GRANT. Subject to the terms and conditions of the Agreement:

2.1 New PREMERA Marks. During the Term, New PREMERA grants to Licensee a royalty-free, non-exclusive, non-transferable, license to use the New PREMERA Marks in the Territory in connection with Licensee Services and the related marketing, sale, and distribution of the Licensee Materials that meet the Quality Standards, and according to the Branding Specifications and other conditions herein.

2.2 Blue Cross Marks. Subject to the terms and conditions of the Blue Cross and Blue Shield Licensing Addendum, and subject to New PREMERA’s rights to sublicense the Blue Cross Marks thereunder, New PREMERA also grants to Licensee a royalty-free, non-exclusive, non-transferable license to use the Blue Cross Marks in connection with Licensee Services during the Term. Licensee acknowledges that such license is subject to the terms and conditions upon which the rights to the Blue Cross Marks are owned or controlled by New PREMERA’s licensors. Licensee agrees that it will comply with all terms of the Blue Cross and Blue Shield Licensing Addendum set

forth on Exhibit 3 to this Agreement and the Branding Specifications to the extent they relate to the exercise of rights conveyed to Licensee hereunder. New PREMERA may modify Exhibit 3 from time to time effective upon thirty (30) days prior written notice to Licensee.

2.3 Reservation of Rights. All rights of New PREMERA not expressly granted herein are reserved to New PREMERA. This grant in no way precludes New PREMERA from use or license of other names or marks that include the Licensed Marks.

3. OWNERSHIP OF THE NEW PREMERA MARKS. Licensee acknowledges New PREMERA's sole ownership of the New PREMERA Marks, and all associated goodwill. Nothing in the Agreement or in the performance thereof, or that might otherwise be implied by law, shall operate to grant Licensee any right, title, or interest in or to the New PREMERA Marks, other than as specified in the limited license grants herein. Licensee's use of the New PREMERA Marks shall inure solely to the benefit of New PREMERA. Licensee hereby assigns and shall assign in the future to New PREMERA all rights it may acquire by operation of law or otherwise in the New PREMERA Marks, including all applications or registrations therefore, along with the goodwill associated therewith.

4. SUBLICENSING. Licensee may not sublicense the Licensed Marks and shall not purport to permit any third party to use the Licensed Marks in any manner without New PREMERA's prior written consent.

5. MERCHANDISING. Licensee's license to use the Licensed Marks in connection with the Licensee Services and Licensee Materials does not extend to the merchandising or sale of any promotional products under the Licensed Marks.

6. QUALITY CONTROL; PROPER USE OF THE MARKS

6.1 Quality Control. Licensee may use the Licensed Marks only in connection with the Licensee Services and Licensee Material that meet the Quality Standards. Upon notice or other discovery of any non-conformance with the Quality Standards or the requirements of this section, Licensee shall promptly remedy such non-conformance and notify New PREMERA of the remedial steps taken.

6.2 Proper Use of the New PREMERA and Blue Cross Marks. Licensee's use of the Licensed Marks shall comply with any applicable Branding Specifications provided by New PREMERA or the BCBSA from time to time. Licensee shall supply New PREMERA with suitable specimens or proposed specimens of use of the Licensed Marks as and when reasonably requested by New PREMERA upon receipt of notice from New PREMERA. Licensee shall employ best efforts to ensure that all references to the Licensed Marks in the Licensee Materials, including advertisements contained therein, comply with proper trademark usage and any reasonable guidelines on such usage that are customary and ordinary for trademarks. If the Branding Specifications are amended, New PREMERA shall notify Licensee in writing and Licensee shall have a period of not

less than thirty (30) days to comply with such amended Branding Specifications. Upon notice or other discovery of any misuse of the Licensed Marks, or non-conformance with the requirements of this section, Licensee shall promptly remedy such misuse and non-conformance and notify New PREMERA of the remedial steps taken.

6.3 Third Party Approval. With respect to any Licensee Material that is subject to the approval of New PREMERA or a licensor of New PREMERA, such material will be submitted to New PREMERA and New PREMERA, acting in a commercially reasonable manner, will either act upon a request for approval of forward such materials to its licensor for approval, as the case may be.

6. PROHIBITED ACTIVITIES. Licensee shall not use the Licensed Marks in connection with any activity that (a) violates or infringes any intellectual property right of New PREMERA; or (b) violates any local, state, federal, country, or international regulation or law.

7. PROTECTION OF THE NEW PREMERA MARKS. Licensee shall assist New PREMERA in protecting and maintaining New PREMERA's rights in the Licensed Marks worldwide, including execution of documents prepared by New PREMERA reasonably necessary to register the New PREMERA Marks, or record this Agreement, and giving prompt notice to New PREMERA of potential infringement of the Licensed Marks, in any country. New PREMERA shall have the sole right to, and in its sole discretion may, commence, prosecute or defend, and control any action concerning the New PREMERA Marks. Licensee shall not during the Term of this Agreement contest the validity of, by act or omission jeopardize, or take any action inconsistent with, New PREMERA's rights or goodwill in the Licensed Marks in any country, including attempted registration of the Licensed Marks, or use or attempted registration of any mark confusingly similar thereto.

8. DISCLAIMER OF WARRANTIES. NEW PREMERA MAKES NO WARRANTIES REGARDING THE LICENSED MARKS, INCLUDING VALIDITY OF NEW PREMERA'S RIGHTS IN ANY COUNTRY, AND HEREBY DISCLAIMS ALL WARRANTIES THAT MIGHT OTHERWISE BE IMPLIED BY LAW, INCLUDING WARRANTIES AGAINST VIOLATION OR INFRINGEMENT OF TRADEMARK, LITERARY, OR PERSONAL RIGHTS, OR OTHER PROPRIETARY RIGHTS, AND THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

9. LIMITATION OF LIABILITY. EXCEPT AS PART OF A THIRD PARTY DAMAGE CLAIM FOR WHICH ONE OF THE PARTIES IS OBLIGATED TO INDEMNIFY THE OTHER, NEW PREMERA SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE OR SPECIAL DAMAGES (INCLUDING LOSS OF BUSINESS PROFITS) ARISING FROM OR RELATED TO LICENSEE'S MARKETING, DISTRIBUTION OR ANY USE OF THE LICENSED MARKS, REGARDLESS OF WHETHER SUCH LIABILITY IS BASED ON BREACH OF CONTRACT, TORT, STRICT LIABILITY, BREACH OF

WARRANTIES, INFRINGEMENT OF INTELLECTUAL PROPERTY, FAILURE OF ESSENTIAL PURPOSE OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL NEW PREMERA BE LIABLE FOR ANY DAMAGES FOR LICENSEE'S USE OF THE LICENSED MARKS IN VIOLATION OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, THE BRANDING SPECIFICATIONS, OR THE BLUE CROSS AND BLUE SHIELD LICENSING ADDENDUM.

10. INDEMNIFICATION. Licensee is obligated to indemnify, defend and hold New PREMERA harmless against, and pay the amount of any adverse final judgment, or settlement to which Licensee consents, resulting from any claim regarding the Licensed Materials, including without limitation, third party claims of libel; invasion of privacy; or infringement of copyright based on material published in the Licensed Materials (other than the Licensed Marks), or arising out of Licensee's use of the Licensed Marks in breach of this Agreement.

11. ASSIGNMENT. Licensee may not assign this Agreement, except upon New PREMERA's written consent, which may be withheld in New PREMERA's sole discretion. New PREMERA may assign this Agreement to another party by providing written notice to Licensee.

12. TERM AND TERMINATION

12.1 Term. Unless earlier terminated as provided herein, the initial term of this Agreement shall be five (5) years and shall automatically renew for additional renewal terms of five (5) years each.

12.2 Termination without Cause. New PREMERA may terminate this Agreement, without cause, with thirty (30) days notice to Licensee.

12.3 Termination for Cause. The Agreement will also terminate as follows: within ten (10) days following receipt of written notice of any material breach that is not cured within such period, including, but not limited to the following breaches, which shall be deemed material: (i) Failure to assign rights as provided in Section 3, Ownership of New PREMERA Marks; (ii) non-conformance with the Branding Specifications; (iii) non-conformance with the Quality Standards; or (iv) any act in derogation of, or any failure to act in protecting, New PREMERA's rights as provided in Section 7, Protection of New PREMERA Marks. Should the Agreement be terminated due to Licensee's material breach of the Agreement, Licensee shall immediately cease all use of the Licensed Marks. Such termination shall be without prejudice to any other rights or remedies that exist at law or at equity by reason of such breach or default.

12.4 Survival. Sections 1, and 8-13 shall survive expiration or termination of this Agreement.

13. GENERAL PROVISIONS

13.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to Washington's conflict of law or choice of law rules. The parties irrevocably submit to the exclusive jurisdiction of the state and federal courts situated in King County, Washington in any proceeding relating to this Agreement, and agree that any process or summons in any such action may be served by providing to the party a copy thereof in accordance with the notice provisions of this Agreement.

13.2 Injunctive Relief. Each party hereto acknowledges and agrees that the rights and obligations set forth in this Agreement are unique and of such a nature as to be inherently difficult or impossible to value monetarily and irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Therefore, each party hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which such party may be entitled at law or in equity.

13.3 Attorneys' Fees. In the event of any suit or other proceeding between New PREMERA and Licensee with respect to any of the transactions contemplated hereby or the subject matter hereof, the prevailing party shall, in addition to such other relief as the court may award, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation, all as actually incurred, including, without limitation, attorneys' fees, costs and expenses of investigation incurred in appellate proceedings or in any action or participation in, or in connection with, any case or proceeding under Chapters 7, 11 and 13 of the United States Bankruptcy Code or any successor thereto.

13.4 Waiver or Delay. No waiver of any provision of this Agreement, nor delay in enforcing any rights hereunder, shall be construed as a continuing waiver or create an expectation of non-enforcement of that or any other provision or right.

[remainder of page intentionally left blank]

13.5 Notices. All notices, consents, requests, demands and other communications hereunder must be in writing, and shall be deemed to have been duly given or made: (i) when delivered in person; (ii) three (3) days after deposited in the United States mail, first class postage prepaid; (iii) in the case of telegraph or overnight courier services, one (1) business day after delivery to the telegraph company or overnight courier service with payment provided; or (iv) in the case of telex or telecopy or fax, when sent, verification received, in each case addressed as follows (or to such other address which any party specifies by like notice):

if to the Company:

New PREMIERA
P.O. Box 327
Mail Stop 316
Seattle, Washington 98111
Facsimile: (425) 670-5267
Attention: John P. Domeika
Senior Vice President and General Counsel

with copy to:

Preston Gates & Ellis LLP
701 5th Avenue, Suite 5000
Seattle, Washington 98104
Facsimile: (206) 623-7022
Attention: C. Kent Carlson

And

Sullivan & Cromwell
125 Broad Street
New York, New York 10004
Facsimile: (212) 558-3588
Attention: William D. Torchiana

if to the Foundation:

with copy to:

if to the Washington Charitable Organization:

with copy to:

if to the Alaska Charitable Foundation:

with copy to:

13.6 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, shall be held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining

provisions contained herein shall not be in any way impaired thereby, it being intended that all remaining provisions contained herein shall not be in any way impaired thereby.

13.7 Relationship. Neither this Agreement, nor any terms and conditions contained herein, shall be construed as creating a partnership, joint venture, or agency relationship or as granting a franchise. Neither party shall have the power to obligate or bind the other in any manner whatsoever. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors.

13.8 Entire Agreement. This Agreement, including any exhibits or attachments referred to herein, contain the entire agreement between the parties hereto regarding the subject matter hereof and may not be amended, altered or modified except by a writing signed by the parties hereto. This Agreement supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, all of which are specifically integrated into this Agreement. No party hereto shall be bound by or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, and the parties hereto further acknowledge and agree that in entering into this Agreement they have not in any way relied and will not rely in any way on any of the foregoing not specifically set forth herein.

13.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.10 Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

13.11 Fair Construction. This Agreement is the product of negotiation and shall be deemed to have been drafted by all of the parties. It shall be construed in accordance with the fair meaning of its terms and its language shall not be strictly construed against, nor shall ambiguities be resolved against, any particular party.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereby execute this Agreement through the authorized representatives whose signatures appear below.

[New PREMERA Corp.]

[Foundation Shareholder]

By _____

By _____

Name _____

Name _____

Title _____

Title _____

Signature Date _____ Signature Date _____

[Washington Charitable Organization]

[Alaska Charitable Organization]

By _____

By _____

Name _____

Name _____

Title _____

Title _____

Signature Date _____ Signature Date _____

EXHIBIT 1

New PREMERA Marks and Blue Cross Marks

[For each please list full trademark, owner, registration number or application serial number, if any, and description of goods and services covered]

EXHIBIT 2
GEOGRAPHIC AREAS

EXHIBIT 3

Blue Cross and Blue Shield Licensing Addendum